

Disaster Recovery Initiative
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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Proposed Action Plan Amendment Number 8
for Disaster Recovery Funds**

December 8th, 2006



Kathleen Babineaux Blanco
Governor

Mitch Landrieu
Lieutenant Governor

Jerry Luke LeBlanc
Commissioner of Administration

Dr. Norman Francis
Chairman, LRA Board

Office of Community Development
1201 North Third Street, Suite 7-270
P.O. Box 94095
Baton Rouge, LA 70804-9095
<http://www.LouisianaRebuilds.info>
<http://www.doa.louisiana.gov/cdbg/cdbg.htm>



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1. Introduction

Action Plan Amendment Number 8 proposes modification to programs originally detailed under Action Plan PL 109.148 and Action Plan Amendment Number 2, which outlined four economic development recovery programs. This Action Plan Amendment proposes changes to the Small Firm Loan and Grant program which helps small firms with 25 employees or less recover and grow. These modifications include an increase in the amount of funding available for this program from \$38 million to \$143 million. The other modification will include a change in eligibility requirements to allow certain single-employee businesses the ability to apply for this program.

The Action Plan Amendment also seeks to modify the Long Term Recovery Loan Guarantee Program to allow businesses with more than 50 employees to be eligible for this recovery program in special circumstances on a case-by-case basis. It also changes the amount of the Long Term Loan Guarantee program to \$68 million.

2. Small Firm Loan and Grant Program

Eligible Activity	105(a)(17)
National Objective	Low to moderate income and urgent need
Activity Amount	\$143 million

This amendment outlines proposes modifications to the Small Firm Loan and Grant Program originally detailed under Action Plan Amendment Number 2.

Program Size

This amendment will increase the amount of funding to the original program from \$38 million to \$143 million, inclusive of the cost to manage this program. This is intended to make available \$100M in grants and up to \$38M in loans to small businesses. Additional funding will be reallocated from the two disaster recovery loan programs—the Bridge Loan and the Long Term Recovery Loan Guarantee. It is anticipated that up to \$78 million will be reallocated from the Bridge Loan Program and up to \$27 million will be reassigned from the Long Term Recovery Loan Guarantee Program. These amounts may fluctuate based on available funds from these two programs in order to reach the goal of \$100 million in funds for this program.

Business Eligibility

Eligible businesses include businesses up to 25 employees. This is a change from the initial program to include certain single-employee firms.

The geographic eligibility for the grant portion of this program, in its anticipated pilot phase, will be modified to include only those firms in towns, parishes or zip codes that sustained >20% damage. We are also limiting this program to businesses that experienced >30% decline in revenue. Other eligibility requirements remain the same:

- In business 6 months prior to the storms
- Reopened or with demonstrated potential to reopen

- Nonprofits that meet other requirements are eligible

Use of Funds

As under the original program outline, funds will be used for both grants and loans. In Action Plan Amendment Number 2, funds were able to be used for tangible losses only. This has been modified to business costs including any or all of the following items dependent on implementation: operating costs such as leases, insurance, debt payment on new equipment, utilities, or inventory.

Program Management and Monitoring

Management and monitoring of this program will follow the original program outlined in Action Plan Amendment Number 2.

3. Long Term Recovery Loan Guarantee Program

Eligible Activity	105(a)(17)
National Objective	Low to moderate income and urgent need
Activity Amount	\$68 million

In addition to the reference above that proposes to reduce the available funding in the Long Term Recovery Loan Guarantee Program, this amendment also seeks to modify the Long Term Recovery Loan Guarantee Program to allow businesses with more than 50 employees to be eligible for this recovery program in special circumstances on a case-by-case basis. Decisions will be made by the Louisiana Department of Economic Development.